

IPSWICH WATER & WASTEWATER DEPARTMENT

Water Rate Increase & Residential Seasonal Rate Adjustments

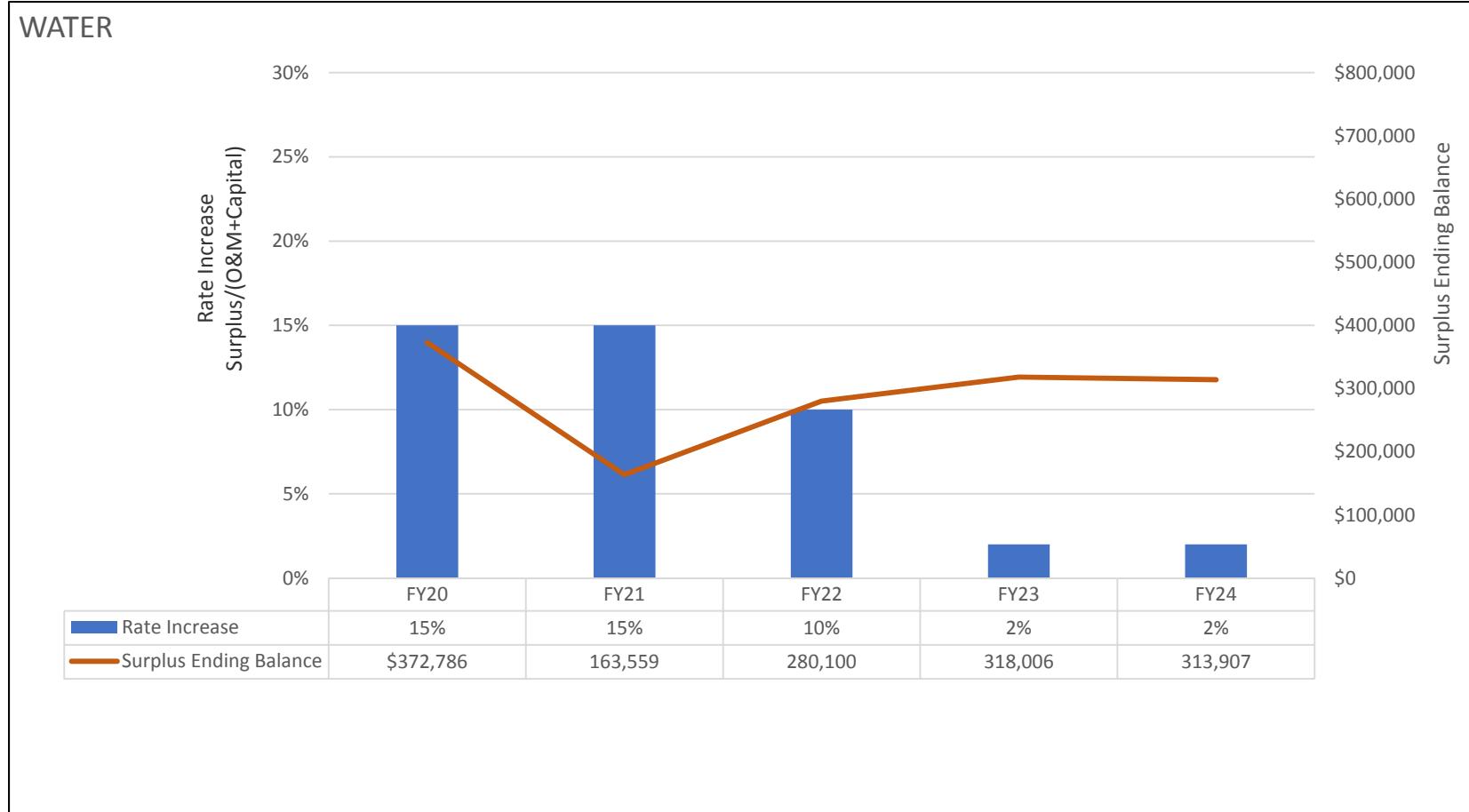
Wastewater Rate Increase

March 4th & April 1st
2019

WATER RATE INCREASE

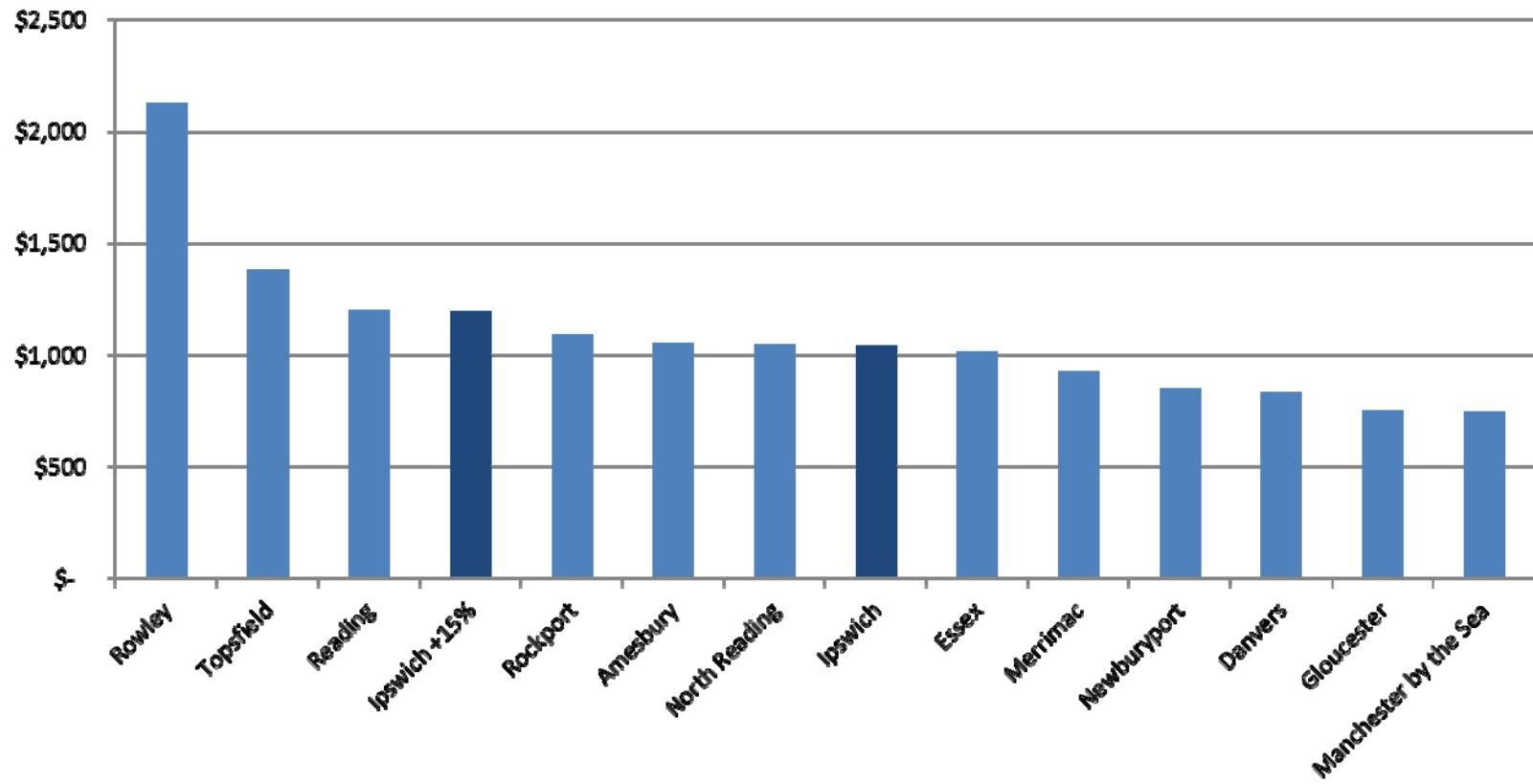
- Proposed rate increase: 15%
 - Current revenue funds 92% O&M + Debt Service, not Capital
- Rate of \$8.66 increases to \$9.96 per 100 cubic feet of water
 - Effective May 1, 2019
- Typical family of 4 will pay \$10 more per month
- FY20 budget increases 11%
- Capital spending > \$300,000 for next 2 years
 - Lynch Well
 - WTP Generator
 - SCADA Communications
 - Asset Management Plan
- Debt service expected to increase significantly in future
 - New municipal well; other supply expansion/upgrades
 - Water Main Replacements
- Support budget and stabilize surplus into future

FUTURE RATE INCREASES



*Assumes \$11.9MM debt service borrowed FY21-FY23

WATER RATE COMPARISON

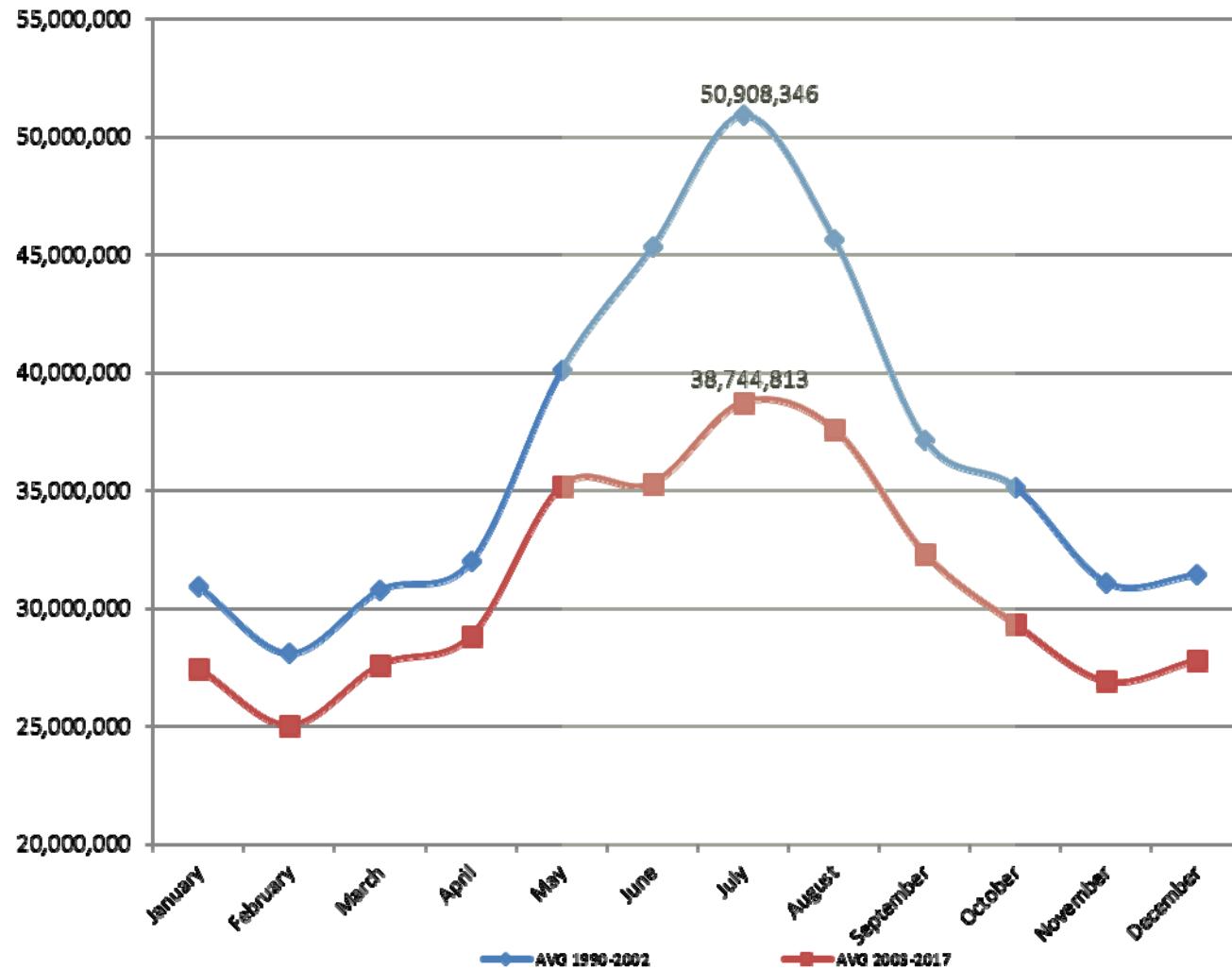


Based on 12,000 cubic feet annual usage

WATER RESIDENTIAL SEASONAL RATE ADJUSTMENT

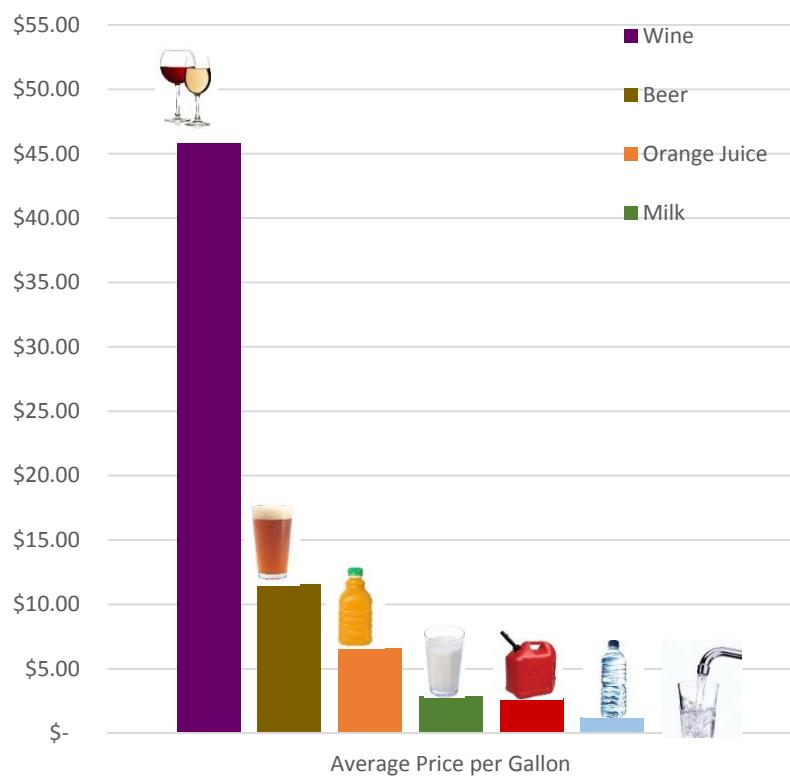
- **Program Goal:** Manage summer water consumption - Reduce summer peak created by residential customers
- 2016 drought highlighted importance of seasonal demand management
- Residential summer rate = $1.5 \times$ Base Rate; May – September
- Adjust Water Residential Winter Rate of \$5.09 per 100 cubic feet to a Residential Summer Rate of \$14.94 per 100 cubic feet.
- Residential Summer Rate effective May 1, 2019 through September 30, 2019.

PROGRAM SUCCESS



Average Annual Pumping Reduction with Seasonal Rate is 15%
Average Peak Month Reduction with Seasonal Rate 24%

COST OF WATER VS. AVERAGE RETAIL PRICES FOR CONSUMER PRODUCTS



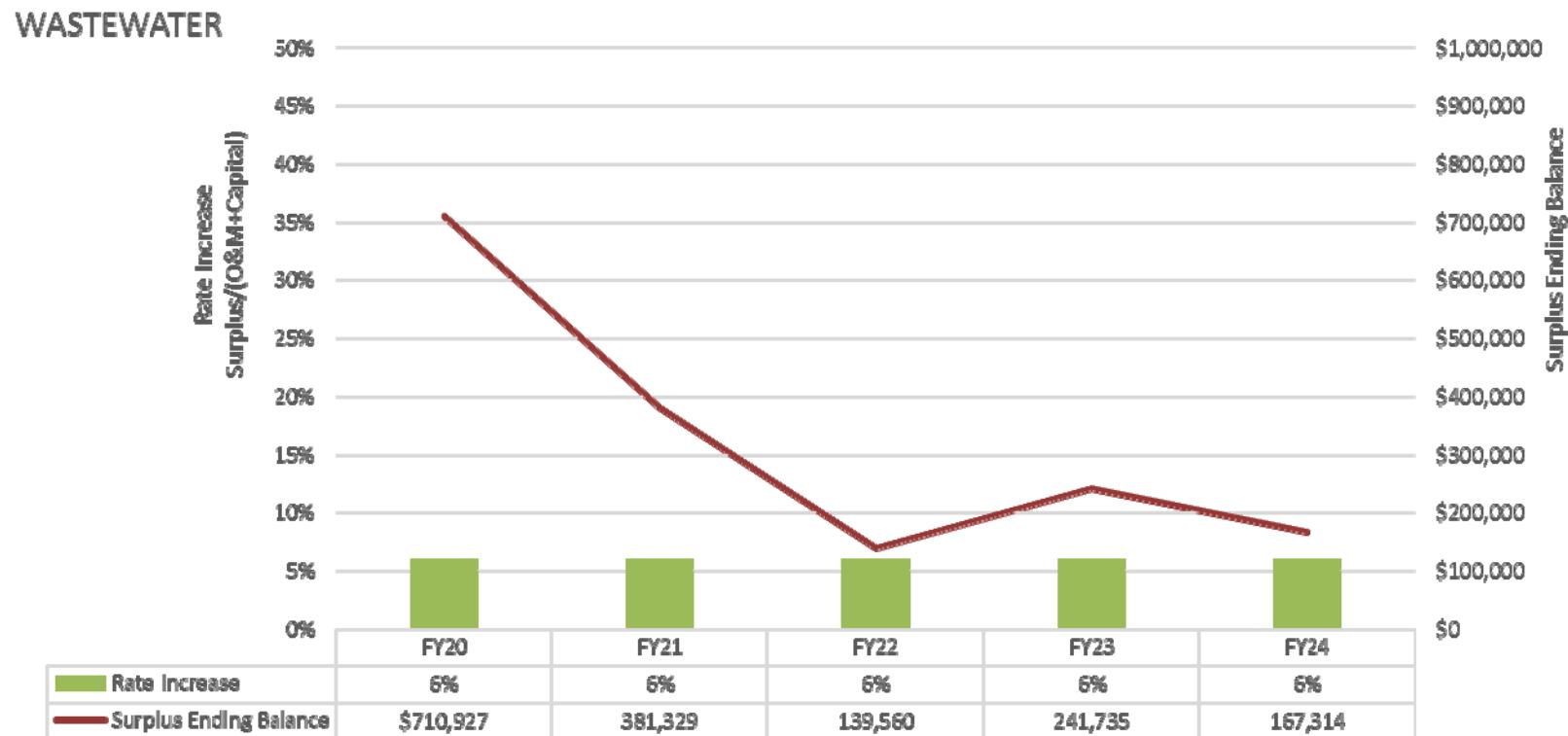
Price Data from U.S. Bureau of Labor Statistics, November 2018 (Wine, Orange Juice, Beer, Milk, Gasoline) and <https://www.businessinsider.com/bottled-water-costs-2000x-more-than-tap-2013-7> (Bottled Water)

Product	Average Price per Gallon
Wine	\$45.77
Beer	\$11.57
Orange Juice	\$6.60
Milk	\$2.88
Gasoline	\$2.67
Bottled Water	\$1.22
Ipswich Tap Water	\$0.01

WASTEWATER RATE INCREASE

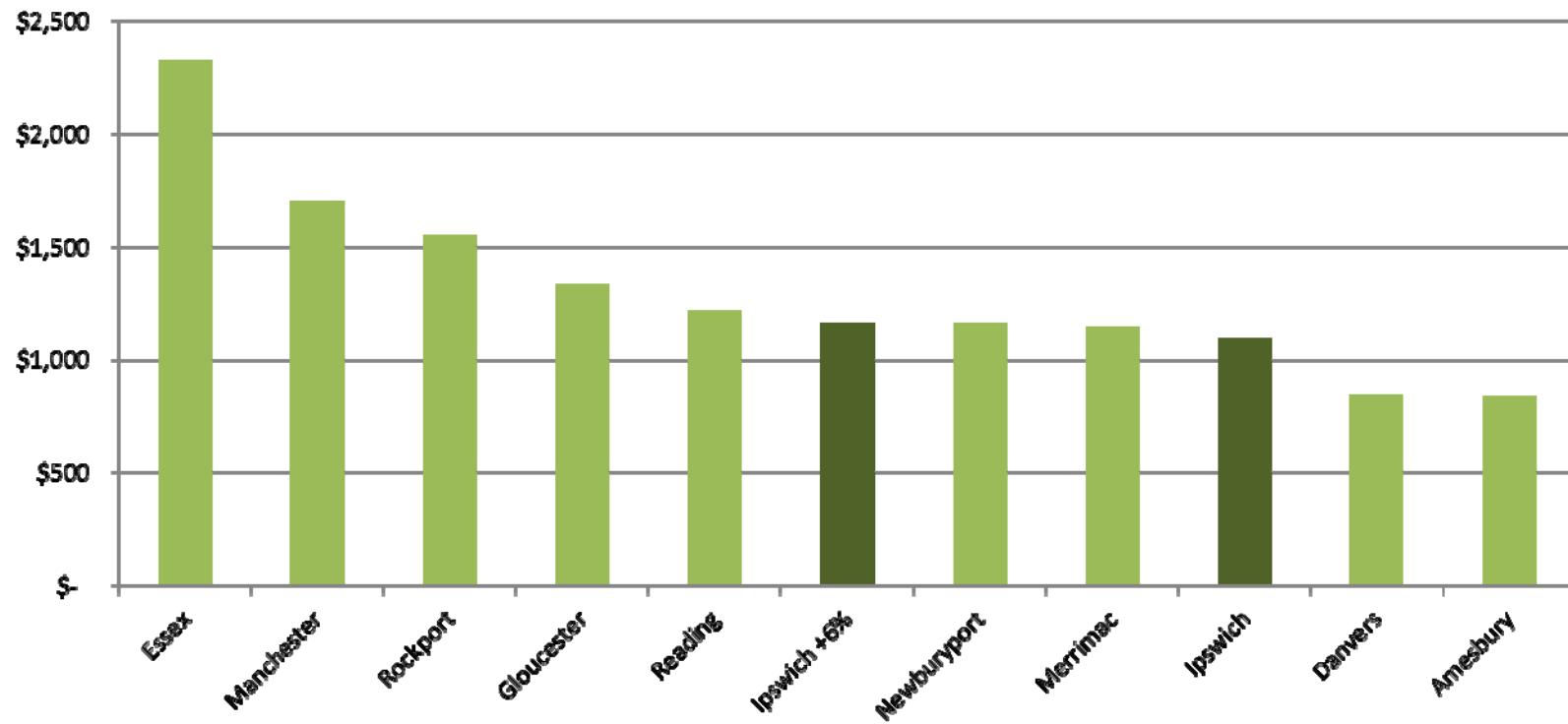
- Proposed rate increase: 6%
 - Current revenue funds 85% O&M and Debt Service, not Capital
- Rate of \$9.14 increases to \$9.69 per 100 ft³ water
 - Effective May 1, 2019
- Typical family of 4 will pay \$4 more per month
- FY20 budget increases 6.7%
- Capital spending > \$300,000 for next 4 years
 - Interceptor & Siphon Replacement
 - Town Wharf Pump Station (TWPS) Rehab/Replacement
 - NPDES Permit Compliance (I & I)
 - Aeration System Replacement
 - Asset Management Plan
- Debt service expected to increase significantly in future
 - TWPS; Ipswich River Interceptor & Siphon; Collection System
- Support budget and stabilize surplus into future

FUTURE RATE INCREASES



*Assumes \$8MM debt service borrowed FY21-FY23 (for 30 years)
(Town Wharf Pump Station Replacement, Siphon/Interceptor Line Upgrades)

WASTEWATER RATE COMPARISON



Based on 12,000 cubic feet annual usage

FINAL RECOMMENDATIONS

Water Base Rate Increase

Effective May 1, 2019

\$8.66  \$9.96 per 100 ft³

Water Residential Summer Rate

Effective May 1, 2019

\$5.09  \$14.94 per 100 ft³

Wastewater Rate Increase

Effective May 1, 2019

\$9.14  \$9.69 per 100 ft³